BSE

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Neutral
Price (INR)	2,644
12 month price target (INR)	3,130
52 Week High/Low	3,030/1,226
Market cap (INR bn/USD bn)	1,077/12.2
Free float (%)	100.0
Avg. daily value traded (INR mn)	11,633.7

SHAREHOLDING PATTERN

	Sep-25	Jun-25	Mar-25
Promoter	0%	0%	0%
FII	16.25%	18.14%	16.78%
DII	19.91%	11.27%	12.33%
Pledge	0%	0%	0%

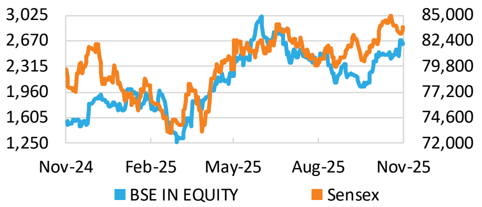
FINANCIALS (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	29,573	43,690	51,314	57,516
EBITDA	14,997	27,379	32,282	36,659
Adjusted profit	12,416	21,735	25,513	29,141
Diluted EPS (INR)	30.1	52.8	61.9	70.7
EPS growth (%)	256.4	75.1	17.4	14.2
RoAE (%)	32.1	42.5	39.3	38.1
P/E (x)	83.1	47.5	40.4	35.4
EV/EBITDA (x)	95.9	50.1	42.4	37.1
Dividend yield (%)	0.3	0.8	1.2	2.0

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	43.7	51.3	16.4	15.1
EBIT	26.1	30.5	17.7	14.0
Adjusted profit	21.7	25.5	14.2	13.6
Diluted EPS (INR)	52.8	61.9	14.2	13.6

PRICE PERFORMANCE



Stellar performance continues

For Q2FY26, BSE delivered index options ADPTV market share of 27.1% (+334bp QoQ) driving revenue up 43.2% YoY/11.5% QoQ. Operating leverage drove EBITDA margins higher by 1,160bp YoY to 62.5% resulting in EBITDA growth of 75.1% YoY/8.7% QoQ. Weak other income maintained APAT at INR5.4bn (+66.8% YoY/4.9% QoQ).

Despite expiry swap in Sep-25, BSE lost market share of only 221bp MoM; additionally Oct-25 APDTV surged 30.2% MoM. We are increasing FY26E–28E ADPTV assuming weekly expiries continue resulting in an increase in FY26E/27E/28E APAT by 14.2%/13.6%/9.6%, consequently lifting our TP to INR3,130 (earlier INR2,820) i.e. P/E of 45x plus 15% stake in CDSL.

Index option volume surge drives strong revenue growth

BSE continued to deliver robust revenue growth of 43.2% YoY/11.5% QoQ to INR10.7bn. Transaction charges increased 56.6% YoY/7.7% QoQ largely as a result of improving ADPTV, which came in at INR150bn (82.9 YoY/0.7% QoQ]. BSE's Oct-25 ADPTV has surged over Q2FY26's by 36.6%. For Q2FY26, BSE's cash ADTV declined 18.4% YoY and improved 11.0% QoQ to INR80bn primary due to QoQ improved volumes in cash equity markets; cash market share improved 65bp YoY/148bp QoQ to 7.7% (Oct-25: 7.2%). For Q2FY26, StarMF reported 18.7% YoY/14.1% QoQ growth in revenue to INR698mn as orders grew 23.3 YoY/9.8% QoQ to 201mn. Listing fees grew 18.2% YoY/23.8% QoQ to INR1.0bn and book building and other services grew 11.1% YoY//59.7% QoQ to INR361mn. Overall, revenue from services to corporates grew at 16.3% YoY/31.5% QoQ. In Q2FY26, co-location revenue came in at INR460mn versus INR270mn in Q1FY26 as throttle charges were implemented in July 1. Beginning Sep-25, BSE contributes of 5% of transaction revenue (with a cap of 150% of SGF required) to the core SGF to smoothen earnings volatility arising from sudden SGF requirements. BSE's index option ADPTV market share increased from 16.4% in Dec-24 to 29.2% in Oct-25 despite expiry swap. The expected discussion paper by SEBI on increasing derivatives tenure could have a material bearing on profits for exchanges. We continue to build out three scenarios for exchanges as seen in exhibits 14-16; this can have a material bearing to BSE's earnings.

Better premium quality drives operating margin

BSE's overall expense were well-controlled growing 16.7% QoQ (ex-SGF 13.7%) as employee/tech expense grew just 1.2/-4.2% QoQ. However admin/regulatory expense surged 19.9%/26.2% QoQ, driving EBITDA growth of 8.7% QoQ to INR6.8bn resulting in EBITDA margin of 63.7% (+1,160 YoY/-164bp QoQ).

Financials

Year to March	Q2FY26	Q2FY25	% Change	Q1FY26	% Change
Net Revenue	10,684	7,463	43.2	9,584	11.5
EBITDA	6,803	3,886	75.1	6,259	8.7
Adjusted Profit	5,584	3,465	61.1	5,394	3.5
Diluted EPS (INR)	13.6	8.4	61.1	13.1	3.5

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Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	29,573	43,690	51,314	57,516
Gross profit	0	0	0	0
Employee costs	2,366	2,859	3,088	3,320
Other expenses	12,210	13,452	15,945	17,537
EBITDA	14,997	27,379	32,282	36,659
Depreciation	1,130	1,275	1,773	2,049
Less: Interest expense	0	0	0	0
Add: Other income	2,790	2,939	3,524	4,276
Profit before tax	16,657	29,042	34,032	38,885
Prov for tax	4,312	7,367	8,576	9,799
Less: Other adj	843	756	879	1,055
Reported profit	13,259	22,491	26,392	30,196
Less: Excp.item (net)	843	756	879	1,055
Adjusted profit	12,416	21,735	25,513	29,141
Diluted shares o/s	412	412	412	412
Adjusted diluted EPS	30.1	52.8	61.9	70.7
DPS (INR)	7.7	21.1	31.0	49.5
Tax rate (%)	25.9	25.4	25.2	25.2

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	271	271	271	271
Reserves	43,967	57,763	71,399	81,197
Shareholders funds	44,237	58,034	71,670	81,467
Minority interest	1,520	1,477	1,439	1,405
Borrowings	11,344	12,977	14,863	17,007
Trade payables	1,140	4,189	4,921	5,515
Other liabs & prov	44,851	46,833	51,998	57,124
Total liabilities	103,261	123,702	145,106	162,762
Net block	2,222	2,897	3,331	3,591
Intangible assets	771	1,239	1,597	1,876
Capital WIP	541	589	640	697
Total fixed assets	3,534	4,725	5,569	6,164
Non current inv	13,247	12,893	12,561	12,250
Cash/cash equivalent	51,839	59,079	73,459	84,174
Sundry debtors	3,097	4,440	6,366	9,128
Loans & advances	2,556	2,683	2,818	2,958
Other assets	15,450	15,947	16,484	17,061
Total assets	103,261	123,702	145,106	162,762

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
Cash ADTV growth (YoY %)	16.8	0.8	26.2	15.0
Index options ADPTV growth (YoY %)	346.5	87.2	16.5	12.0
Index options ADPTV mkt share (%)	14.1	26.7	27.9	27.9
EBITDA margin (%)	50.7	62.7	62.9	63.7
Net profit margin (%)	42.0	49.7	49.7	50.7
Revenue growth (% YoY)	112.8	47.7	17.5	12.1
EBITDA growth (% YoY)	275.2	82.6	17.9	13.6
Adj. profit growth (%)	256.4	75.1	17.4	14.2

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	13,259	22,491	26,392	30,196
Add: Depreciation	1,130	1,275	1,773	2,049
Interest (net of tax)	0	0	0	0
Others	(3,704)	(3,754)	(4,461)	(5,385)
Less: Changes in WC	1,615	(5,695)	1,840	1,821
Operating cash flow	12,300	14,317	25,545	28,681
Less: Capex	(1,665)	(2,467)	(2,618)	(2,645)
Free cash flow	10,635	11,851	22,928	26,036

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.0	6.2	7.0	7.0
Repo rate (%)	6.0	5.0	5.0	5.0
USD/INR (average)	84.0	82.0	81.0	81.0
Core Op. Profit (INR mn)	13,867.1	26,103.1	30,508.1	34,609.7
NOPLAT (INR mn)	10,372.6	19,525.1	22,820.0	25,888.1
NOPLAT YoY growth (%)	379.5	88.2	16.9	13.4
Trans. chgs growth (%)	186.4	64.5	16.5	12.3
Corporate services (%)	40.1	14.7	14.0	9.3
Treasury inc. growth (%)	25.8	4.9	21.1	22.5

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	32.1	42.5	39.3	38.1
RoCE (%)	40.0	55.6	50.3	47.8
Inventory days	0	0	0	0
Receivable days	38	37	45	58
Payable days	14	35	35	35
Working cap (% sales)	(84.8)	(64.4)	(61.2)	(58.5)
Gross debt/equity (x)	0	0	0	0
Net debt/equity (x)	(0.9)	(0.9)	(0.9)	(0.9)
Interest coverage (x)	46,224.7	88,787.0	105,887.7	122,575.1

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	83.1	47.5	40.4	35.4
Price/BV (x)	25.8	19.2	15.3	13.4
EV/EBITDA (x)	95.9	50.1	42.4	37.1
Dividend yield (%)	0.3	0.8	1.2	2.0

Source: Company and Nuvama estimates

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	256.4	75.1	17.4	14.2
RoE (%)	32.1	42.5	39.3	38.1
EBITDA growth (%)	275.2	82.6	17.9	13.6
Payout ratio (%)	25.4	40.0	50.0	70.0

Exhibit 1: EBITDA margin improves 1,160bp YoY/declines 164bp QoQ to 63.7%; APAT grows 66.8% YoY/4.9% QoQ

P&L (INR mn)	Q2FY26	Q2FY25	YoY(%)	Q1FY26	Q0Q(%)	H1FY26E	H1FY25	YoY(%)	FY26E	FY27E	FY28E
Revenues from operation	**10,684**	**7,463**	**43.2**	**9,584**	**11.5**	**20,268**	**13,540**	**49.7**	**43,690**	**51,314**	**57,516**
Employee benefit expenses	709	575	23.3	700	1.2	1,409	1,155	22.0	2,859	3,088	3,320
Computer technology related expenses	478	411	16.2	499	(4.2)	977	787	24.1	2,057	2,262	2,443
Clearing and settlement expenses	633	1,007	(37.2)	555	14.0	1,188	1,813	(34.5)	2,707	3,220	3,556
SEBI regulatory fee	1,467	1,129	29.9	1,163	26.2	2,630	2,077	26.6			
Administration and other expenses	489	453	7.9	408	19.9	897	981	(8.6)	8,688	10,463	11,537
Liquidity enhancement scheme expenses	0	2	(100.0)	0	NM	0	2	(100.0)	0	0	0
Total Expenses	**3,881**	**3,577**	**8.5**	**3,325**	**16.7**	**7,206**	**6,815**	**5.7**	**16,311**	**19,033**	**20,857**
EBITDA	**6,803**	**3,886**	**75.1**	**6,259**	**8.7**	**13,062**	**6,725**	**94.2**	**27,379**	**32,282**	**36,659**
Depreciation and amortisation expense	325	291	11.4	269	20.8	593	531	11.8	1,275	1,773	2,049
EBIT	**6,478**	**3,595**	**80.2**	**5,991**	**8.1**	**12,469**	**6,195**	**101.3**	**26,103**	**30,508**	**34,610**
Finance costs	0	0	NM	0	NM	0	0	NM	0	0	0
Other income	711	727	(2.1)	861	(17.3)	1,572	1,393	12.8	2,939	3,524	4,276
PBT	**7,189**	**4,321**	**66.4**	**6,851**	**4.9**	**14,041**	**7,588**	**85.0**	**29,042**	**34,032**	**38,885**
Tax	1,819	1,109	64.0	1,752	3.9	3,571	1,960	82.2	7,367	8,576	9,799
PAT (pre minority interest)	**5,370**	**3,212**	**67.2**	**5,099**	**5.3**	**10,469**	**5,627**	**86.0**	**21,675**	**25,456**	**29,086**
Non-controlling interest	(14)	(10)	43.9	(12)	13.7	(27)	(17)	52.3	(43)	(38)	(34)
Share of (loss)/profit of associate (net of tax) (Ex- CDSL)	(10)	1	(1,426.5)	9	(208.2)	(1)	27	(102.9)	17	19	20
APAT (Ex- CDSL)	**5,374**	**3,222**	**66.8**	**5,121**	**4.9**	**10,495**	**5,672**	**85.0**	**21,735**	**25,513**	**29,141**
Extraordinary and share of CDSL	210	243	(13.4)	273	(23.0)	483	444	8.8	756	879	1,055
RPAT	**5,584**	**3,465**	**61.1**	**5,394**	**3.5**	**10,978**	**6,116**	**79.5**	**22,491**	**26,392**	**30,196**
EPS	**13.0**	**7.8**	**66.8**	**12.4**	**4.9**	**25.5**	**13.8**	**85.0**	**52.8**	**61.9**	**70.7**
NOPLAT	**4,846**	**2,689**	**80.2**	**4,481**	**8.1**	**9,327**	**4,613**	**102.2**	**19,525**	**22,820**	**25,888**
Margin and tax rate (%)											
EBITDA	**63.7**	**52.1**	**1,160**	**65.3**	**(163.9)**	**64.4**	**49.7**	**1,478**	**62.7**	**62.9**	**63.7**
EBIT	**60.6**	**60.6**	**0**	**62.5**	**(187.3)**	**61.5**	**45.7**	**1,577**	**59.7**	**59.5**	**60.2**
Tax Rate	**25.3**	**25.7**	**(36)**	**25.6**	**(26.3)**	**25.4**	**25.8**	**(40)**	**25.4**	**25.2**	**25.2**

Source: Company, Nuvama Research

Exhibit 2: Transaction charges contribute 74.3% to revenue mix, up 637bp YoY

Revenue - break up	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)
Revenue Mix (INR mn)							
Securities Services	5,701	5,596	6,560	7,829	8,368	46.8	6.9
-Transaction charges	5,071	5,111	6,117	7,375	7,940	56.6	7.7
-Treasury Income on Clearing and Settlement Funds	630	485	443	454	428	(32.1)	(5.7)
Services To Corporates	1,191	1,498	1,253	1,053	1,385	16.3	31.5
Other Operating Income	571	641	653	702	931	63.0	32.6
Total Operating Revenue	**7,463**	**7,735**	**8,466**	**9,584**	**10,684**	**43.2**	**11.5**
Revenue Mix (%)							
Securities Services	76.4	72.3	77.5	81.7	78.3	194bp	(337)bp
-Transaction charges	67.9	66.1	72.3	77.0	74.3	637bp	(263)bp
-Treasury Income on C&S Funds	8.4	6.3	5.2	4.7	4.0	(444)bp	(73)bp
Services To Corporates	16.0	19.4	14.8	11.0	13.0	(299)bp	198bp
Other Operating Income	7.7	8.3	7.7	7.3	8.7	106bp	139bp
Total Operating Revenue	**100**	**100**	**100**	**100**	**100**		

Source: Company, Nuvama Research

Exhibit 3: Equity derivative contribute to 78.6% of transaction charges revenue, up 1,046bp YoY/-152bp QoQ

Transaction charges split	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q2FY26	YoY (%)	QoQ (%)
Transaction charges (INR mn)							
Equity Cash	983	767	512	545	671	(31.7)	23.1
Equity Derivative	3,456	3,530	4,748	5,910	6,242	80.6	5.6
Currency Derivative	0	0	0	0	0	nm	NM
MF Revenue	588	635	605	612	698	18.7	14.1
C&S chgs (from Q1FY24)	44	179	252	308	329	648.1	6.7
Total	**5,071**	**5,111**	**6,117**	**7,375**	**7,940**	56.6	7.7
Transaction charges mix (%)							
Equity Cash	19.4	15.0	8.4	7.4	8.5	(1,093)bp	106bp
Equity Derivative	68.2	69.1	77.6	80.1	78.6	1,046bp	(152)bp
Currency Derivative	0.0	0.0	0.0	0.0	0.0	-	-
MF Revenue	11.6	12.4	9.9	8.3	8.8	(280)bp	49bp
C&S chgs	0.9	3.5	4.1	4.2	4.1	328bp	(4)bp
Total	**100**	**100**	**100**	**100**	**100**		

Source: Company, Nuvama Research

Exhibit 4: Derivative ADPTV grew 82.9 YoY/0.7% QoQ to INR150bn

	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)
Derivative ADPTV (INR bn)	82	86	118	149	150	82.9	0.7
Cash ADTV (INR bn)	98	67	54	72	80	(18.4)	11.0

Source: Company, Nuvama Research

Exhibit 5: Active clients traded have increased 67.3%/10.1% QoQ to 8.7mn in equity derivative segment

Equity Derivative Performance	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)
ADTV (INR tn)	128	103	112	130	164	28.6	26.1
Average daily contracts (mn)	153	126	83	81	100	(34.2)	23.8
Total contracts traded (bn)	10	8	5	5	6	(34.2)	29.9
Average daily premium (INR mn)	**82,035**	**86,194**	**117,827**	**149,046**	**150,045**	82.9	0.7
Unique members traded (Average)	443	479	505	528	550	24.1	4.2
Total Revenue (INR mn)	**3,456**	**3,530**	**4,748**	**5,910**	**6,242**	80.6	5.6
Active clients traded (in 000's) (Average)	5,200	6,200	7,100	7,900	8,700	67.3	10.1
Revenue per crore (INR)	**3,291**	**3,250**	**3,250**	**3,250**	**3,250**	(1.3)	0.0

Source: Company, Nuvama Research

Exhibit 6: Star MF revenue grows +18.7 YoY/14.1% QoQ to INR698mn

BSE StAR MF	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	YoY (%)	QoQ (%)
Network of Distributors	78,382	79,208	80,290	80,977	81,805	4.4	1.0
Registered Investors (mn)	206	222	237	244	256	24.2	4.9
Mutual Funds Registered	43	43	45	46	48	11.6	4.3
Schemes Available	11,655	12,265	13,502	14,327	14,858	27.5	3.7
Cities/towns covered	721	721	721	721	721	0.0	0.0
Number of Orders (mn)	163	180	179	183	201	23.3	9.8
MF Revenue (INR mn)	**588**	**635**	**605**	**612**	698	18.7	14.1
Revenue per order (INR)	**3.6**	**3.5**	**3.4**	**3.3**	3.5	(3.7)	3.8

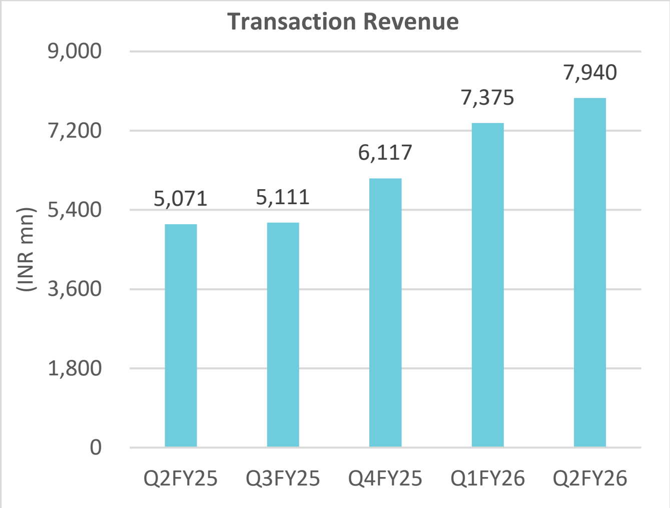
Source: Company, Nuvama Research

Exhibit 7: Estimate change

	Earlier			Revised			Change (%/bps)		
(INR bn)	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
ADPTV (INR bn)	129	149	174	167	195	218	29.9	31.0	25.4
Revenue	37.5	44.6	51.0	43.7	51.3	57.5	16.4	15.1	12.8
EBIT	22.2	26.8	31.7	26.1	30.5	34.6	17.7	14.0	9.2
EBIT margin (%)	59.1	60.1	62.2	59.7	59.5	60.2	65bp	(61)bp	(201)bp
APAT	19.0	22.4	26.6	21.7	25.5	29.1	14.2	13.6	9.6
EPS	46.2	54.5	64.6	52.8	61.9	70.7	14.2	13.6	9.6
ROE (%)	37.8	35.9	36.4	42.5	39.3	38.1	469bp	340bp	164bp
Target Price (INR)		**2,820**			**3,130**			**11.0**	
Rating		**Buy**			**Buy**				

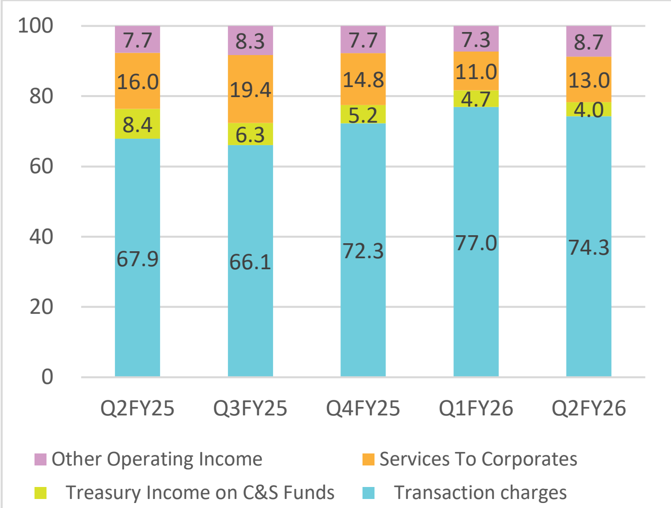
Source: Nuvama Research

Exhibit 8: Transaction revenue grew 56.6% YoY



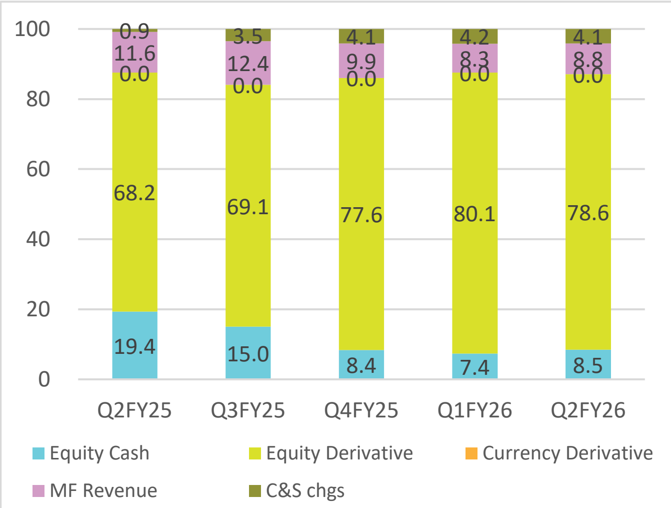
Source: Company, Nuvama Research

Exhibit 9: Transaction revenue contributes to 74.3% of revenue



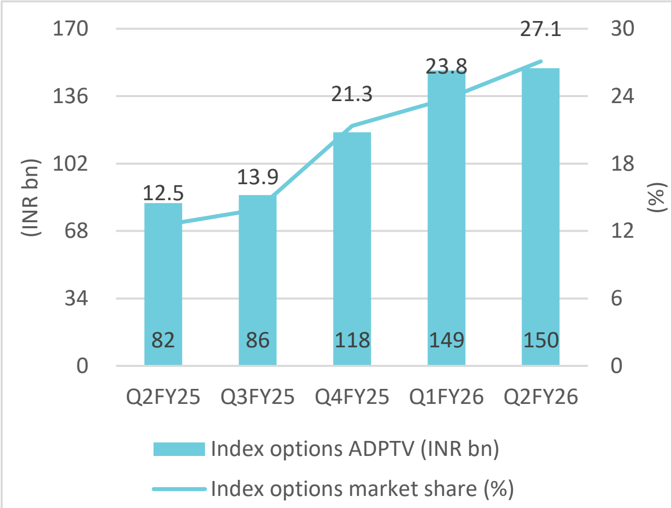
Source: Company, NSE, Nuvama Research

Exhibit 10: Equity derivatives share at 78.6% in transaction revenue mix



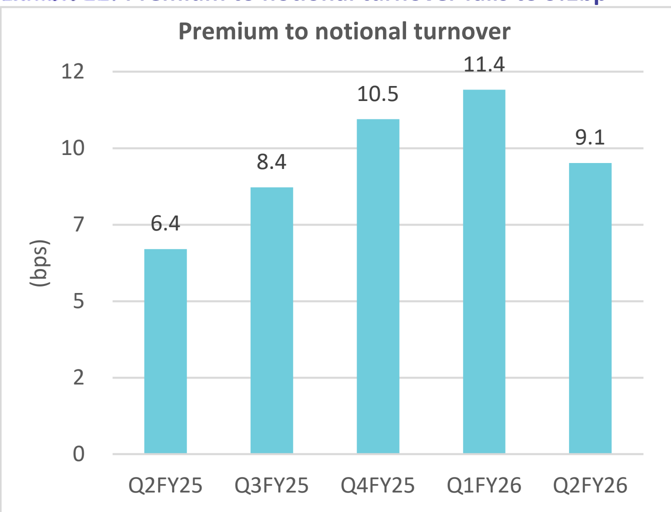
Source: Company, NSE, Nuvama Research

Exhibit 11: Index options ADPTV surges 82.9% YoY



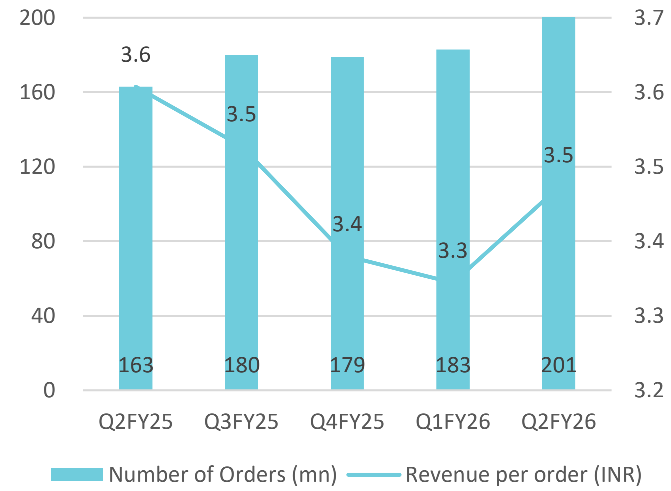
Source: Company, NSE, Nuvama Research

Exhibit 12: Premium to notional turnover falls to 9.1bp



Source: Company, NSE, Nuvama Research

Exhibit 13: StAR MF's revenue per order improves to INR3.5



Source: Company, NSE, Nuvama Research

Potential tenure tweaks impact

We have modelled three possible scenarios and estimate BSE's FY27E and FY28E ADPTV and earnings impact.

Scenario 1: Different day (Tue/Thu) fortnightly expiry

Assuming the current BSE/NSE on Thursday/Tuesday format continues, but is limited fortnightly expiry. We expect the FY27E market ADPTV to reduce by 32.2% to INR 475bn (versus our base case estimate of INR699bn) and BSE to have 24.3% market share. In this scenario, we expect BSE's FY27E ADPTV to reduce by 40.9% (versus our base case estimate) to INR115bn, leading to an FY27E EPS cut of 20.3% to INR49.3.

Scenario 2: Different day (Tue/Thu) monthly expiry

Assuming the current BSE/NSE on Thursday/Tuesday format continues but is limited to only month-end expiry. We expect FY27E market ADPTV estimate to drop 42.6% to INR401bn and BSE to have 16.7% market share. We expect BSE's FY27E ADPTV to reduce by 65.7% to INR 67bn, resulting in an FY27E EPS cut of 33.9% to INR 40.9

Scenario 3: BSE mid-month / NSE end-month expiry

This scenario is an alternative to only monthly expiry in which we assume BSE will have a mid-month expiry versus NSE's end-month expiry, but expiry day remain same. In this scenario, contracts will be month long, but expiries will have about a two week gap. We expect market ADPTV FY27E est. to reduce by 2.8% to INR 680bn with BSE improving its market share to 30.9%. We expect BSE's FY27E ADPTV to improve by 7.8% to INR 210bn, resulting in an FY27E EPS surge of 16.4% to INR 72.1.

Exhibit 14: Consolidated impact of each scenario on FY27E ADPTV and earnings

FY27E	FY27E ADPTV (INR bn)			ADPTV change (%)			Market share (%)		FY27E EPS (INR)		FY27E EPS change vs current est (%)	
	NSE	BSE	Industry	NSE	BSE	Industry	NSE	BSE	NSE	BSE	NSE	BSE
Base case	505	195	699				72.1	27.9	44.7	61.9		
Scenario 1	359	115	475	(28.8)	(40.9)	(32.2)	75.7	24.3	38.2	49.3	(14.6)	(20.3)
Scenario 2	334	67	401	(33.8)	(65.7)	(42.6)	83.3	16.7	37.3	40.9	(16.6)	(33.9)
Scenario 3	470	210	680	(6.9)	7.8	(2.8)	69.1	30.9	40.3	72.1	(9.8)	16.4

Source: Company, Nuvama Research

Note: ADPTV/EPS change is with respect to FY27E
Scenario 1: Different day (Tue/Thu) fortnightly expiry
Scenario 2: Different day (Tue/Thu) monthly expiry
Scenario 3: BSE mid-month/ NSE end-month expiry

Exhibit 15: Consolidated impact of each scenario on FY28E ADPTV and earnings

FY28E	FY28E ADPTV (INR bn)			ADPTV change (%)			Market share (%)		FY28E EPS (INR)		FY28E EPS change vs current est (%)	
	NSE	BSE	Industry	NSE	BSE	Industry	NSE	BSE	NSE	BSE	NSE	BSE
Base case	565	218	783				72.1	27.9	49.9	70.7		
Scenario 1	565	218	783	0.0	0.0	0.0	72.1	27.9	42.6	57.0	(14.7)	(19.4)
Scenario 2	565	218	783	0.0	0.0	0.0	72.1	27.9	41.5	47.1	(16.9)	(33.5)
Scenario 3	565	218	783	0.0	0.0	0.0	72.1	27.9	45.1	82.3	(9.6)	16.3

Source: Company, Nuvama Research

Note: ADPTV/EPS change is with respect to FY27E
Scenario 1: Different day (Tue/Thu) fortnightly expiry
Scenario 2: Different day (Tue/Thu) monthly expiry
Scenario 3: BSE mid-month/ NSE end-month expiry

Exhibit 16: BSE's valuation summary under various scenarios

Particulars	Base Case	Scenario 1	Scenario 2	Scenario 3
Sep-27E APAT (ex-CDSL) (INR mn)	27,327	21,908	18,123	31,800
Multiple (x)	45	35	30	45
Core business market cap. (INR bn)	1,229,712	766,791	543,697	1,430,994
Add: CDSL (15%) (INR bn)	57,684	57,684	57,684	57,684
Market cap. (INR bn)	1,287,396	824,475	601,381	1,488,678
Valuation (INR/share)	**3,130**	**2,010**	**1,460**	3,620
CMP (INR/share)	2,644	2,644	2,644	2,644
Upside (%)	**18.4**	**(24.0)**	**(44.8)**	**36.9**

Source: Company, Nuvama Research

Note: Scenario 1: Different day (Tue/Thu) fortnightly expiry
Scenario 2: Different day (Tue/Thu) monthly expiry
Scenario 3: BSE mid-month/ NSE end-month expiry

Q2FY26 conference call highlights

SGF: BSE has introduced a new policy to contribute 5% of transaction revenue to the core SGF. This is a voluntary and prudential contribution aimed at smoothing earnings volatility arising from sudden SGF requirements. The contribution will continue until SGF reaches 150% of the minimum regulatory requirement, after which contributions will pause. Management clarified that ICCL's SGF policy is separate, and BSE's 5% contribution pertains solely to its transaction revenues. The SGF contribution policy is not linked directly to shares cleared, as SGF computation depends on SEBI-stipulated stress test parameters.

Colocation: In Q2FY26 co-location revenue came at INR 460mn vs INR 270mn in Q1FY26 as throttle charges (message per second) were implemented in 1st July. BSE plans to add 70-90 more racks by FY26 taking total rack count to 500 (mix of 6kVA and 15kVA units). On a 6kVA-equivalent basis, total capacity would be around 650–700 racks.

EBIX: Management acknowledged that the insurance platform (BSE MX/APICS) has not replicated the success of BSE StAR MF. The team plans a strategic rethink and reset to strengthen participation and relevance in the insurance distribution business. Differences in regulatory frameworks and product characteristics were cited as key challenges.

Liquidity: Management is working on expanding participation and institutional involvement, including longer-dated contracts and enhanced connectivity. For GIFT City, BSE is focusing on building deeper liquidity in weekly Sensex futures and will consider introducing new products at an appropriate time.

IPO: The SME platform crossed 657 listed companies with INR 131bn raised since inception. October 2025 saw a record 31 SME listings raising INR 12bn. BSE facilitated total capital raising of INR 15.91tn in FY26 YTD across equity, debt, and bonds. 97 new equity listings were added in Q2FY26, raising INR 535.48bn.

BSE Index services: BSE has 180+ indices across broad, sectoral, thematic, strategic equity indices and fixed income indices. Total AUM of INR 11.12tn tracked by passive products and active benchmarking.

Capex: BSE incurred INR 3,300mn of capital expenditure in H1FY26, a significant increase versus prior periods. Investments were directed towards physical infrastructure, technology, servers, and co-location facilities to support rapid growth.

Company Description

BSE was established as 'The Native Share & Stock Brokers' Association' in 1875 and was the first stock exchange in Asia. It is the fastest stock exchange in the world with a speed of 6 microseconds. BSE became the first listed stock exchange in India in 2017. The exchange provides an efficient and transparent market for trading in equity, currencies, debt instruments, derivatives and mutual funds. Indian Clearing Corporation Ltd, a wholly-owned subsidiary of BSE, acts as the central counterparty to all trades executed on the BSE trading platform.

BSE SME is India's largest SME platform, with over 571 companies listed and continues to grow at a steady pace. BSE StAR MF is India's largest online mutual fund platform, which processed over 663mn transactions in FY25.

BSE has a diversified revenue stream comprising transaction charges, listing services, treasury income, index services, data feed and others.

Investment Theme

BSE is likely to be less hurt by a reduction in weekly contract volumes as discontinued weekly contracts comprise 21.3% of its index option premium volumes compared with NSE's 46.9%. We believe BSE has room to grow its derivative active customer base, which is at 1.5mn–2mn (monthly) versus NSE's 4.2mn; moreover, given that only one expiry day per week per exchange is now allowed, it is possible that at least part of the investor base at NSE also starts trading on the BSE. we expect higher contract sizes to result in reduced clearing charges as clearing charges are calculated on the number of contracts cleared, which is likely to reduce. BSE's diverse revenue streams include its dominant StAR MF platform, which had a market share of ~85% in FY24 and clocked 43.7% YoY revenue growth in FY25.

Key Risk

- Any change in regulations or any adverse regulatory actions can have material impact on the business, and may result in earnings volatility.
- Dependence on index options in derivative segment.
- Any large-scale macroeconomic slowdown may affect capital market sentiment, hurting trading volumes and revenue.
- Technological infrastructure or security failure may result in a loss of credibility and/or additional regulatory penalties on the exchange.
- Failure to obtain regulatory approvals required for operations may result in penalties by SEBI.
- Competition risk arising from the launch and success of new exchange/s.
- BSE's operating investment investments are exposed to interest rate risk.

Additional Data

Management

MD & CEO	Shri Sundararaman Ramamurthy
CRO	Ms. Kamala K.
CFO	Shri Deepak Goel
Auditor	M/s. S. R. Batliboi & Co. LLP

Holdings – Top 10*

	% Holding		% Holding
Balchandran Sid	3.00	Invesco Asset M	1.45
Vanguard Group	2.09	Tata AIA Life I	1.42
Capital Group C	1.65	Blackrock Inc	1.25
Nippon Life Ind	1.59	Agrawal Mukul M	1.18
Kotak Mahindra	1.55	Gopalakrishnan	1.17

**Latest public data*

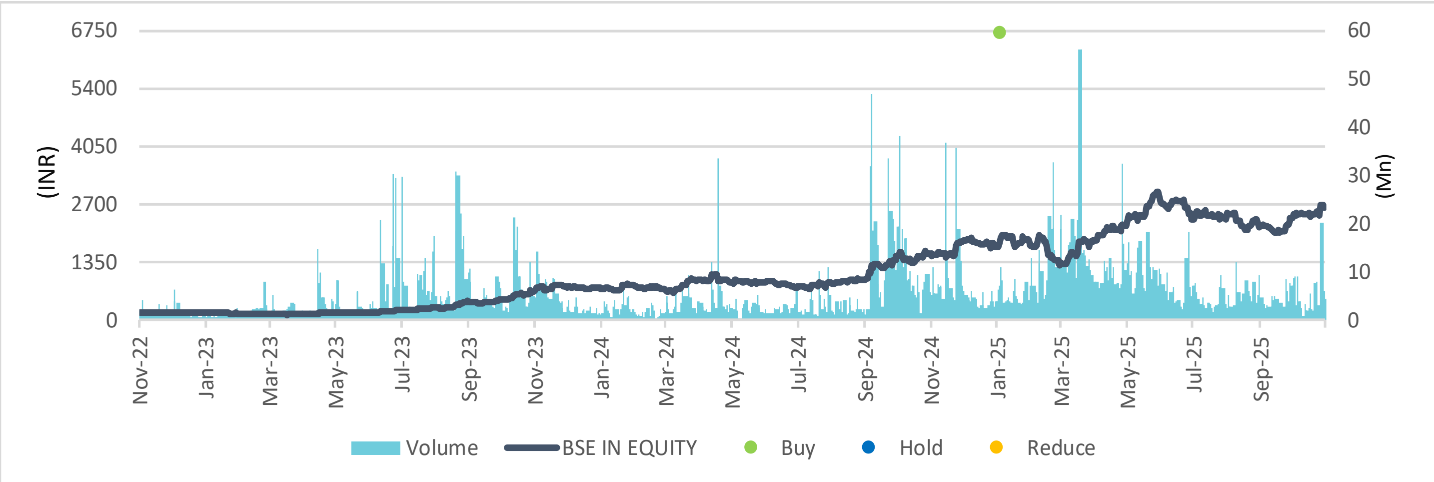
Recent Company Research

Date	Title	Price	Reco
13-Sep-25	From expiry war to tenure tweaks; *Company Update*	2,201	Buy
07-Aug-25	Strong showing ; *Result Update*	2,442	Buy
02-Apr-25	Sustaining strong show; *Result Update*	6,245	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
11-Nov-25	Other financial services	Oct-25: Strong SIP flows sustain; *Sector Update*
05-Nov-25	MEDI ASSIST HEALTHCARE SERVICES	Low growth; integration hurts margins; *Result Update*
01-Nov-25	CDSL (India)	Revenue growth-driven earnings beat; *Result Update*

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	205
Hold	<15% and >-5%	68
Reduce	<-5%	37

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